

OPEN JOINT STOCK OIL AND GAS COMPANY SLAVNEFT

APPROVED BY
Annual General Meeting of shareholders of
OAO NGK Slavneft
Minutes # 38 dd 29 June 2010

APPROVED BY
Board of Directors of
OAO NGK Slavneft
Minutes # 8 dd. 21 May 2010

2009 ANNUAL REPORT

President of OAO NGK Slavneft

_____ **Yu.E. Sukhanov**
(sgd)

Chief Accountant of OAO NGK Slavneft

_____ **A.A. Shuvaev**
(sgd)

(locus sigilli)

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DATA ON THE OPEN JOINT STOCK OIL AND GAS COMPANY SLAVNEFT

Full name of the Company: Open Joint-Stock Oil and Gas Company Slavneft

Abbreviated name of the Company: OAO NGK Slavneft (hereafter referred to as the Company).

Location at: Moscow, Russian Federation.

Mailing address: 125047, Russian Federation, Moscow, 4th Lesnoy pereulok, 4.

The date of the state registration of the Company and the Company's registration number: the Company was registered by the Moscow Registration Chamber on August 26, 1994, the certificate of registration No. 033.530

OAO NGK Slavneft was entered into the Unified State Register of Legal Entities by the Moscow Inter-district Inspection of the Ministry for Taxes and Levies of the Russian Federation No. 39 on July 30, 2002: The main state registration number 1027739026270, the certificate of registration of series 77 No.007436304.

Changes introduced into the constituent documents of OAO NGK Slavneft: were registered by the Interdistrict Inspectorate No. 46 under the Moscow of Federal Tax Service:

on August 01, 2005 under state registration number 2057747654391 (the restated Articles of Association of the Company approved by the resolution of the General Meeting of the shareholders on June 30, 2005, minutes No. 23);

On September 04, 2006 under state registration number 2067756557010 (amendments to the Articles of Association of the Company approved by the resolution of the general meeting of shareholders on June 29, 2006, minutes No. 26)

On August 07, 2008 under state registration number 2087758956305 (amendments to the Company's Articles of Association approved by the resolution of the general meeting of shareholders on June 27, 2008, minutes No. 32)

On December 03, 2009 under state registration number 7097748794906 (amendments to the Company's Articles of Association approved by the resolution of the general meeting of shareholders on June 29, 2009, minutes No. 36)

Information on the share capital as on 01.01.2010: the Company's share capital amounts to 4 754 238 rubles divided into 4 754 238 000 ordinary registered book-entry shares with par value of 0,001 rubles (the issue state registration number is 1-01-00221-A dd. 17.06.2003)

Holder of the register: OAO Registrar R.O.S.T., license No. 10-000-1-0026 issued by the Russian Federal Securities Commission on December 3, 2002.

Auditor of the Company: Closed Joint Stock Company PricewaterhouseCoopers Audit has a State Registration Certificate of a joint-stock company # 008.890 issued by the Moscow Registration Chamber on February 28, 1992, certificate on entering the Unified State Register # 1027700148431 issued by the Ministry of Taxation Inspection Board of the Russian Federation # 39 on August 22, 2002, and the license for auditing # E000376 issued by the Ministry of Finance of the Russian Federation on May 20, 2002.

Information on the Company is published in the newspapers Izvestiya, Sovetskaya Belorussiya and at the site of the Company: www.slavneft.ru.

SHARE CAPITAL

As on 01.01.2010 the Company has 3 675 shareholders.

SHARE CAPITAL STRUCTURE				
№	Shareholders	Number of shareholders	Number of shares, items	Share in the Share Capital, %
1.	Russian Residents:	3538	4753980989	99,9946
1.1.	Entities.	15	4750126540	99,9135
	Including the entities which share in the Share Capital is not less than 1%.	3	4707603409	99,0191
1.2.	Individuals.	3523	3854449	0,0811
2.	Persons not resident at the Russian Federation:	129	250811	0,0053
2.1.	Entities.	3	100021	0,0021
2.2.	Individuals.	126	150790	0,0032
3.	The individuals the data on jurisdiction whereon is not available there in the register	8	6200	0,0001
Total:		3675	4754238000	100,0000

The Company did not purchase its own shares during the reporting period.

Nominees of OAO NGK Slavneft holding more than 1% of the voting shares as on 01.01.2010:

#	Nominees	Share in the Share Capital, %
1.	Deutsche Bank Limited Liability Company	10,8343
2.	ING BANK (EURASIA) (CLOSED JOINT-STOCK COMPANY).	13,2308
3.	Joint-Stock Commercial Savingsbank of the Russian Federation (Open Joint-Stock Company)	74,9540
Total:		99,0191

**LIST OF SUBSIDIARIES AND DEPENDENT COMPANIES OF OAO NGK SLAVNEFT
(as on 01.01.2010)**

№	Entity		Company's share, %	
			in the Share Capital	in voting shares
1. Subsidiaries				
1.	Open Joint Stock Company Slavneft-Megionneftegaz	OAO SN-MNG	45,53	60,66
2.	Open Joint Stock Company Slavneft - Megionneftegazgeologia	OAO SN-MNGG	94,07	97,51
3.	Open Joint Stock Company Slavneft-Yaroslavnefteorgsintez	OAO Slavneft- YaNOS	39,09	39,09
4.	Open Joint Stock Company Slavneft-Mendeleyev Yaroslavl Refinery (Rusoil)	OAO Slavneft-Mendeleyev Yaroslavl Refinery (Rusoil)	51,86	51,86
5.	Open Joint Stock Company Slavneft - Yaroslavnefteprodukt	OAO Slavneft-Yaroslavnefteprodukt	65,13	80,28
6.	Open Joint Stock Company Sobol	OAO Sobol	62,25	62,25
7.	Closed Joint Stock Company Obneftegeologia	ZAO Obneftegeologia	100,00	100,00
8.	Open Joint Stock Company Obneftegazgeologia	OAO ONGG	79,67	91,74
9.	Limited Liability Company Slavneft - Nizhnevartovsk	OAO Slavneft-Nizhnevartovsk	99,985	-
10.	Closed Joint Stock Company Slavneft -M	ZAO Slavneft-M	99,97	99,97
11.	Closed Joint Stock Company Slavneft - Tsentrnefteprodukt	ZAO Slavneft-Tsentrnefteprodukt	99,23	99,23
12.	Closed Joint Stock Company Slavneft -Estate	ZAO Slavneft-Estate	100,00	100,00
13.	Limited Liability Company Slavneft - Krasnoyarskneftegaz	OOO Slavneft-Krasnoyarskneftegaz	99,993	-
14.	Slavneft -Holding AG	Slavneft -Holding AG	100,00	100,00
15.	Closed Joint Stock Company Slavveks	ZAO Slavveks	100,00	100,00
16.	Closed Joint Stock Company Construction Company Slavneftstroy	ZAO SK Slavneftstroy	100,00	100,00
17.	Closed Joint Stock Company Rusoil-Moscow	ZAO Rusoil-Moscow	100,00	100,00
18.	Closed Joint Stock Toplivno-Zapravochny Kompleks Slavneft-Tunoshna	ZAO TZK Slavneft-Tunoshna	97,29	97,29
19.	Limited Liability Company Realizatsiya-T	OOO Realizatsiya-T	95,45	-
20.	Limited Liability Company Slavneft-Nauchno-Proizvodstvenny Tsentr	OOO Slavneft-NPTs	100,00	-
21.	Limited Liability Company Achimovskoye	OOO Achimovskoye	100,00	-
22.	Limited Liability Company Thriftiness Investments	OOO Thriftiness Investments	100,00	-
2. Dependent companies				
23.	Open Joint Stock Company Mozyr Refinery	OAO Mozyr Refinery	42,58	42,58
24.	Limited Liability Company Interneft	OOO Interneft	25,00	-
3. Other companies				
25.	Closed Joint Stock Company Bank VTB (Belarus)	ZAO Bank VTB (Belarus)	0,44	0,44
26.	Open Joint Stock Company Beltekinvest	OAO Beltekinvest	1,19	1,19

MEMBERS OF THE BOARD OF DIRECTORS OF OAO NGK SLAVNEFT

including information on the changes of the members of the Board of Directors which took place in the accounting year 2009 and information on the members of the Board of Directors of the Company, including their short biographies and holding of the Company's shares during the accounting year.

#	Full Name	Year of birth	Position, place of employment	Shareholding	PERIOD
Chairman of the Board of Directors					
1.	Herman Borisovich Khan	1961	Executive Director of OAO TNK-BP Management	No shareholding	28.02.2003 - 31.12.2009
Members of the Board of Directors					
2.	Woyke Volker Georg	1954	Vice President of OAO TNK-BP Management, Refining	No shareholding	31.10.2008 - 31.12.2009
3.	Karen Nikolaevich Dashyan	1978	Slavneft Asset Managers of the Economical and Financial Block, OAO Gazprom Neft	No shareholding	14.12.2009 - 31.12.2009
4.	Aleksandr Valerievich Dukov	1967	Chairman of the Management Board, General Director of OAO Gazprom Neft	No shareholding	12.03.2007 - 31.12.2009
5.	Boris Semenovitch Zilbermintis	1967	Deputy Chairman of the Management Board, Deputy General Director of OAO Gazprom Neft, Upstream	No shareholding	27.06.2008 - 31.12.2009
6.	Stanislav Polovets	1963	General Director of Alfa Access Renova Group (AAR)	No shareholding	29.06.2009 - 31.12.2009
7.	Jeremy Huck	1967	President of BP Russia	No shareholding	29.06.2009 - 31.12.2009
8.	Anatoly Moiseyevich Cherner	1954	Deputy General Director of OAO Gazprom Neft, Logistics, Processing and Sales	No shareholding	29.06.2006 - 31.12.2009
9.	William George Shrader	1958	Chief Operational Director of OAO TNK-BP Management	No shareholding	14.12.2009 - 31.12.2009
10.	Vadim Vladislavovich Yakovlev	1970	Deputy Chairman of the Management Board, Deputy General Director of OAO Gazprom Neft, Economics & Finances	No shareholding	12.03.2007-31.12.2009
Members of the Board of Directors whose authorities were terminated in 2009					
1.	Aleksey Semenovitch Karavaykin	1971	Vice President of OAO TNK-BP Management, Investment Planning and Performance Management	No shareholding	31.10.2008 - 29.06.2009
2.	Mikhail Vasilievich Kudinov	1961	Director of Business Development Department of OAO TNK-BP Management	No shareholding	12.03.2007-29.06.2009
3.	Timothy David Summers	1967	Chairman of the Management Board of OAO TNK-BP Management	No shareholding	08.11.2007-14.12.2009
4.	Kirill Albertovich Kravchenko	1976	Deputy General Director of OAO Gazprom Neft, Foreign Assets Management	No shareholding	29.06.2007 - 14.12.2009

MEMBERS OF THE MANAGEMENT BOARD OF OAO NGK SLAVNEFT

including the information on changes of the Management Board's members during the accounting year 2009 and the information on the Management Board's members, including their short biographies and holding of the Company's shares during the accounting year.

#	Full Name	Year of birth	Position, place of employment	Shareholding	PERIOD
Chairman of the Management Board					
1.	Yury Evgenievich Sukhanov	1963	President of OAO NGK Slavneft	No shareholding	13.05.2002 - 31.12.2009
Members of the Management Board					
2.	Aleksey Valentinovich Bureyev	1967	Head of the Accounting and Tax Control Block	No shareholding	13.04.2004 - 31.12.2009
3.	Aleksandr Viktorovich Zhagrin	1966	Vice President, Upstream	No shareholding	30.01.2007 - 31.12.2009
4.	Andrey Viktorovich Kovalenko	1976	Vice President, Economics and Finances	No shareholding	17.05.2007 - 31.12.2009
5.	Vladimir Vasilievich Krylov	1955	Vice President, Downstream	No shareholding	17.05.2007 - 31.12.2009
6.	Ilya Borisovich Medvedev	1970	Vice President, General Issues	No shareholding	17.05.2007 - 31.12.2009
7.	Andrey Nikolaevich Trukhachev	1964	Vice President, Corporate Relations	No shareholding	12.02.2007 - 31.12.2009

REPORT ON PAYMENT OF THE DECLARED (ACCRUED) DIVIDEND ON SHARES OF OAO NGK SLAVNEFT IN 2009

1. According to the resolution adopted by the extraordinary general meeting of shareholders on 17 September 2008 (minutes #33) the dividend for the sum of 5 847 712,74 thousand rubles by results of a half of 2008 were accrued based on 1,23 rubles per each ordinary share.

As on the date of preparation of this reporting, 5 846 919,3 thousand rubles have been paid.

2. The dividend tax was paid to the state budget in full.

3. The annual general meeting of the Company's shareholders held on 29 June 2009 (minutes #36) passed a resolution not to pay the dividend based on the results of the financial year 2008.

DESCRIPTION OF KEY RISK FACTORS CONNECTED TO THE ACTIVITY OF OAO NGK SLAVNEFT

General Economic and Political Risks:

Social and political tensions and expanding the zone of political and military conflicts within oil producing regions;

aggravation of the situation due to the increase in international terrorist activities;

enlargement of the NATO block due to the fact that former socialist camp states became members of it;

probability of drawing of the NATO closer to borders of Russia (in case Ukraine and Georgia enter this block);

possible deterioration of the structure of products cost value sold by the Company subsequently to lack of effective antitrust legislation of transportation services of oil, oil products and electric power supply services in the Russian Federation.

World financial crisis may cause the stagnation / decrease in the oil price, temporary increase in the inflation rate in the RF as well as decrease in the volume of the obtainable financial resources.

Social risks:

OAO NGK Slavneft is a Company which enterprises are located in different regions of the Russian Federation. Both state and regional risks mainly caused by social factors, including those ones which depend on level of the development of the regions where the Company's subsidiaries conduct their activities considerably influence the results of the Company's performance indicators.

Technical Risks:

Production activity of the Company's enterprises including exploration of new oil fields, maintenance of old wells in working condition and drilling of new wells, oil transportation and refining as well as sale of oil products produced constitute a complicated technological process connected with a great number of potential technical risks.

Systematic work aimed to maintain capital assets in working condition and upgrading thereof, recruiting highly skillful specialists, cooperation with leading domestic and foreign scientific organizations, dealing with oil industry problems, allowed OAO NGK Slavneft to minimize the influence of various technical risks on the production process of the Company's subsidiaries.

Innovation Risks:

Due to depletion and limited nature of oil reserves and direct dependence of the country economy on reliability and stability of hydrocarbon raw materials developed countries are constantly looking for other alternative energy sources. At present a process aimed at replacement (mainly by natural gas) of oil used as raw material for generating electric power and heat is spreading more and more widely. Some countries try to develop production of biological fuel. Therefore the demand for oil and oil products will be determined mainly by transport needs and petrochemical industry needs in a long-term outlook (20-30 years).

Taking into the account the world economic trends, OAO NGK Slavneft in its production activity directs attention to the countries with a developing economy, including the CIS and Eastern European countries, as well as to the domestic market, which have a relatively stable demand.

Ecological Risks:

Types of activity, carried out by the Company, are in the category which considerably influences the environment in the regions where its enterprises are located. If the Company violates requirements of efficient use of environment, it will be fined, which can have a negative influence on the final financial results of the Company's activity. That is why OAO NGK Slavneft carries out all types of work taking into account environmental protection requirements.

Besides, production activity of the Company's enterprises is subject to negative influence of natural factors (such as fires, floods and other elemental natural disasters). At the same time characteristics of the regions where the Company's enterprises are situated do not give any reasons to think that OAO NGK Slavneft has worse conditions compared to other Russian oil companies. Besides, territorial dispersion of the Company's subsidiaries allows considerably reducing the dependence of the OAO NGK Slavneft's performance indicators on negative natural cataclysms in some regions.

THE LIST OF TRANSACTIONS CONCLUDED BY THE COMPANY IN 2009 AND RECOGNIZED MAJOR TRANSACTIONS ACCORDING TO THE JOINT STOCK COMPANIES FEDERAL LAW, AS WELL AS OTHER TRANSACTIONS TO BE APPROVED AS MAJOR TRANSACTIONS (ACCORDING TO THE COMPANY'S ARTICLES OF ASSOCIATION) INDICATING THE ESSENTIAL CONDITIONS FOR EACH TRANSACTION AND THE COMPANY'S GOVERNANCE BODY THAT PASSED THE RESOLUTION TO APPROVE THIS TRANSACTION

The above transactions were not concluded in the reporting year.

THE LIST OF TRANSACTIONS CONCLUDED BY THE COMPANY IN 2009 AND RECOGNIZED THE INTERESTED-PARTY TRANSACTIONS ACCORDING TO THE JOINT STOCK COMPANIES FEDERAL LAW

The annual general meeting of shareholders held on June 29, 2009 (minutes No. 36) adopted the resolution to approve interested-party transactions for conclusion between the Company and the companies it controls directly or indirectly, which can be concluded before holding the annual general meeting of shareholders in 2010 within the course of conducting routine activities:

Upon granting to OAO NGK Slavneft of interest free loans for the total sum up to 40 billion rubles
The Company concluded the following contacts with the subsidiaries being directly or indirectly controlled by the Company*:

<i>Lender</i>	<i>Contract # 64537-10/</i>	<i>Contract Date</i>	<i>Contract Sum ths rubles</i>
ZAO Obneftegeologia	09-445	02.09.2009	528 618
	09-504	09.11.2009	306 110
OAO SN-MNG	09-506	16.11.2009	2 000 000
	09-507	17.12.2009	2 700 000
	10-185	01.03.2010	2 500 000
	10-186	02.03.2010	2 550 000
	10-187	03.03.2010	2 600 000
	10-188	04.03.2010	2 650 000
	10-189	05.03.2010	2 690 000
	10-190	09.03.2010	2 700 000
Total:			21 224 728

Upon granting to OAO NGK Slavneft of interest free loans for the total sum up to 40 billion rubles
The Company concluded the following contacts with the subsidiaries being directly or indirectly controlled by the Company*:

<i>Borrower</i>	<i>Contract # 64537-10/</i>	<i>Contract Date</i>	<i>Contract Sum ths rubles</i>
OAO Slavneft-Mendelejev Yaroslavl Refinery (Rusoil)	09-381	17.07.2009	24 830
	09-446	14.09.2009	31 000
	09-461	15.10.2009	29 725
	10-100	01.02.2010	26 965
	10-163	01.03.2010	30 895
	10-233	07.04.2010	32 000
OAO Slavneft- YANOS	09-407	22.07.2009	1 300 000
	09-408	23.07.2009	1 200 000
	09-409	24.07.2009	1 100 000
	09-410	27.07.2009	1 000 000
	09-411	28.07.2009	1 075 000
ZAO SK Slavneftstroy	09-412	27.07.2009	55 770,794
ZAO Messoyakhaneftegaz	09-415	04.07.2009	519 300
	09-574	10.12.2009	310 412
	10-125	11.02.2010	803 000
OOO Rinotech	09-416	04.07.2009	1 531
	10-124	11.02.2010	650
	10-237	07.04.2010	900

<i>Borrower</i>	<i>Contract # 64537-10/</i>	<i>Contract Date</i>	<i>Contract Sum ths rubles</i>
OAO Slavneft-Krasnoyarskneftegaz	09-503	09.11.2009	300 000
	10-234	07.04.2010	860 000
	10-37	13.01.2010	712 000
	10-213	31.03.2010	350 000
OOO BNGRE	10-209	24.03.2010	240 296,391
	10-210	25.03.2010	194 079
OOO Slavneft-Nizhnevartovsk	10-235	07.04.2010	930 382
OAO Sobol	10-236	07.04.2010	113 674
Total:			11 242 410,185

Upon granting by OAO NGK Slavneft of suretyships for the total sum up to \$20 mln or the equivalent of the specified sum in rubles as on the respective transaction date.

The Company concluded the following contacts with the subsidiaries being directly or indirectly controlled by the Company*:

<i>Principal</i>	<i>Target for Suretyship</i>	<i>Granting Date</i>	<i>Suretyship Sum</i>	<i>Currency</i>	<i>Suretyship Contract #</i>
OAO Slavneft- YANOS	Letter of credit	15.09.2009	1 743 000,00	EUR	64537-10/09-334
OAO ONGG	Leasing	11.02.2010	171 242 315,13	RUR	64537-10/10-35
SN-Belgium	Letter of credit	28.01.2010	5 502 800,00	USD	64537-10/10-36

Upon granting by OAO NGK Slavneft of the suretyships to OAO SN-MNG for the sum of \$270 mln.

The Company concluded the following contracts with the subsidiary:

<i>Principal</i>	<i>Target for Suretyship</i>	<i>Granting Date</i>	<i>Suretyship Sum</i>	<i>Currency</i>	<i>Suretyship Contract #</i>
OAO SN-MNG	Credit	14.07.2009	270 000 000,00	USD	№ 94401, (64537-10/09- 286)

The extraordinary general meeting of shareholders held on 14 December 2009 (minutes \$37) passed the resolution to approve the interested-party transaction between the Company (the Purchaser) and ZAO Slavvest (Seller) for the purchase of a block of shares of Open Joint Stock Company Slavneft-Megionneftegaz. The total transaction sum amounts to 4 900 774 807 rubles 50 kopecks.

The Company concluded the following contracts with the subsidiary:

<i>Seller</i>	<i>Target for Purchase and Sale</i>	<i>Contract # №64537-10/</i>	<i>Contract Date</i>	<i>Contract Sum ths rubles</i>
ZAO Slavvest	OAO SN-MNG' shares	09-575	14.01.2010	4 900 774,807

On 15 April 2009 the Board of Directors passed the resolution (minutes #7) to approve the interested-party transactions for the sale of the OAO TNK-Yaroslavl's shares between OAO NGK Slavneft and OAO TNK-BP Holding. The transaction sum amounts to 639 244 610 roubles.

The Company concluded the following contracts with the subsidiary:

<i>Purchaser</i>	<i>Target for Purchase and Sale</i>	<i>Contract # №64537-10/</i>	<i>Contract Date</i>	<i>Contract Sum ths rubles</i>
OAO TNK-BP Holding	OAO TNK- Yaroslavl's shares	09-340	06.07.2009	600 873,747
		09-341	06.07.2009	38 370,862

On 25 June 2009 the Board of Directors passed the resolution (minutes #10) to approve the interested-party transactions for the sale of the OAO Gazpromneft-Yaroslavl's shares between OAO NGK Slavneft and OAO Gazprom Neft. The total transaction sum amounts to 657 143 459 rubles 08 kopecks.

The Company concluded the following contracts with the subsidiary:

<i>Purchaser</i>	<i>Target for Purchase and Sale</i>	<i>Contract # №64537-10/</i>	<i>Contract Date</i>	<i>Contract Sum ths rubles</i>
ОАО Gazprom Neft	ОАО GazpromNeft-Yaroslavl'shares	09-356	06.07.2009	657 143,459

On 17 March 2010 the Board of Directors passed the resolution (minutes #4) to approve the interested-party transaction:

Freight Forwarding Contract between ОАО TNK-BP Holding and the Company. The contract price is up to 55 mln rubles a year exclusive of VAT. The Contract shall be valid until 31.12.2010 (inclusively) and shall be automatically prolonged unless any party expresses its objection.

The Company concluded the following contracts with the subsidiary:

<i>Customer</i>	<i>Transaction Target</i>	<i>Contract # №64537-10/</i>	<i>Contract Date</i>	<i>Contract Sum ths rubles/year</i>
ОАО TNK-BP Holding	Frighht Forwarding Services	10-231	18.03.2010	Up to 55 000

* the data are specified for the period from 29.06.2009 up to the moment of of this report. preparation

CRITERIA OF THE DETERMINATION AND THE AMOUNT OF REMUNERATION (THE COMPENSATION OF EXPENSES) TO A PERSON WHO OCCUPIES THE POSITION OF THE SOLE EXECUTIVE OF ОАО NGK SLAVNEFT, EACH MEMBER OF THE COLLECTIVE EXECUTIVE BODY OF THE COMPANY AND EACH MEMBER OF THE BOARD OF DIRECTORS OF THE COMPANY OR THE TOTAL AMOUNT OF REMUNERATION (THE COMPENSATION OF EXPENSES) OF ALL THESE PERSONS PAID OR PAYABLE ACCORDING TO THE RESULTS OF THE REPORTING YEAR

The remuneration to a person who occupies the position of the sole executive, to members of the collective executive body and to members of the Board of Directors of ОАО NGK Slavneft shall be paid according to the internal documents of the Company.

No remuneration was paid and no loans were provided to the Board of Directors' members in 2009.

No loans were granted to the Management Board's members within the reporting period.

THE INFORMATION ON THE COMPLIANCE WITH THE CODE OF CORPORATE CONDUCT BY ОАО NGK SLAVNEFT

Open Joint Stock Company Oil and Gas Company Slavneft has adhered to the same principles of the corporate governance based on the Russian legislation in the field of the corporate governance, the Russian Code of the Corporate Governance which is a national standard of the advanced practice of the corporate governance as well as the applied international standards of the corporate governance.

The corporate management system of ОАО NGK Slavneft is improved in three key areas:

- **information transparency;**
- **guarantee of the rights of owners;**
- **activities of the governance and control bodies.**

The Regulations for the Information Policy are valid at the Company to provide for the **information transparency**. These Regulations formalize the practice of the disclosure of the information on the business activities conducted by the Company and some its subsidiaries.

Web site: <http://www.slavneft.ru/shareholder>.

The reporting prepared according to the IFRS (International Financial Reporting Standards) and the RAS (Russian Accounting Standards) as well as the archive of this information are placed on the Company's Web site in the section "Financial Reporting".

Web site: http://www.slavneft.ru/finstate/finstate_usgaap.php.

"Calendar of Corporate Events" is one of the instruments for the disclosure of information which the shareholders and other interested persons makes aware of the forthcoming corporate events of the Company and its key subsidiaries; moreover the "Calendar" is permanently filled with the reports on the events happened and the performance.

Web site: <http://www.slavneft.ru/event/calendar.php>.

The Code of Corporate Conduct (Governance) of Open Joint Stock Oil and Gas Company Slavneft (hereinafter referred to as the Code) approved by the Company's Board of Directors (minutes #1 dd. 17.11.2008) is valid at the Company. This Code specifies the principles and rules for the corporate governance to be guided by the Company when conducting its activities.

This Code is available at the Company's Web site:

http://www.slavneft.ru/files/normdoc/slavneft/corp_behav_codex.doc.

The Company introduced additional elements of the corporate governance in the field of the **ensuring of the Company's owners rights**. Particularly, there are the Business Ethics Regulations approved by the Company's Board of Directors on 17.12.2007, minutes # 6.

The Company supplemented the Business Ethics Regulations with the chapter "Prevention of the Corruption and Fraud" due to the fact that the Corruption Prevention Federal Law # 279-FZ became valid on 25.12.2008 (minutes of the Board of Directors' meeting dd. 25.06.2009 № 10).

Web site: <http://www.slavneft.ru/shareholder>.

The Company maintains the close relationship with the shareholders. The Company's governance bodies pay a special attention to the cooperation with the minority shareholders. So, during the reporting period, the Company's structural subdivisions delivered to such shareholders the letters where the explanations of some legislative rules of the Russian Federation, internal regulatory documents of the Company were contained and the documentation requested by them was submitted. Moreover, in order to implement the specified task, the Company also allowed them the access to the information to be disclosed.

The Company aims at enhancing the quality of the purchased goods and services. In this regard, the providers of the goods/works/services are chosen by open/closed biddings and tenders with the prequalification of bidders. The actions of the Company in this field are regulated by the order of the acquisition of goods and services providing for holding open biddings to choose the contractors what could increase the effectiveness of the Company's acquisition policy and to set the optimal price of the goods and services purchased and to improve the protection of the property rights of the shareholders.

The information on the tenders is available at the Company's Web site: <http://slavneft.ru/supplier/tender.php>.

Activities of the governance and control bodies.

The General Meeting of shareholders shall be the supreme governance body of OAO NGK Slavneft.

The General Meeting of shareholders shall be prepared, convened and held based on the current legislation of the Russian Federation, the Company's Articles of Association, the Regulations on the General Meeting of Shareholders and the Corporate Conduct Code of OAO NGK Slavneft.

During the reporting period, 3 General Meeting of the Company's shareholders were held.

The annual meeting of shareholders held on 29 June 2009 approved the annual report of the Company's activities in 2008 and the annual accounting statements, including the profit and loss statement, pass a resolution to distribute the profit, elected members of the Board of Directors and the Revision Commission, approved the independent auditor to audit the accounting statement for 2009. The meeting passed a resolution to amend the Company's Articles of Association and the Board of Directors' Regulations and approved the interested-party transactions to be concluded up to the annual general meeting of shareholders in 2009 in the ordinary course of business as well as the interested-party transaction relating to the granting suretyships by the Company.

The extraordinary general meeting of shareholders held on 13 April 2009 passed a resolution to approve the interested-party transaction which is Suretyship Contract between OAO NGK Slavneft (Surety) and Gazprombank (Lender) for the purpose of ensuring the performance of the OAO SN-MNG (Borrower) obligations under the Loan Contract concluded with Gazprombank. The extraordinary general meeting of shareholders held on 14 December 2009, the authorities of the Board of Directors' members were cancelled before the prescribed time and the new members of the Company's Board of Directors were elected.

The Board of Directors of OAO NGK Slavneft shall be the permanent collegial elective governance body which bears the responsibility for the general strategical management of the Company, the establishment of goals and tasks for the top managers and the control over their achievement. The Board of Directors shall conduct its activities for the benefit of the Company and its shareholders pursuant to the current legislation of the Russian Federation, the Company's Articles of Association, the Regulations on the Board of Directors and the Code of Corporate Conduct of OAO NGK Slavneft.

The Board of Directors conducts its activities based on the approved half-yearly work plans.

In 2009, 13 meeting of the Board of Directors of OAO NGK Slavneft were held (including 6 meetings as absentee voting) at which various matters within the competency of the Board of Directors were considered, including: the determination of key activities, the planning and control of financial and economical activities, the further enhancement of the corporate governance. During the reporting period the Company's Board of Directors reviewed the consolidated business plan for 2010 and the period up to 2014, approved major and new investment projects of OAO SN-MNG and OAO Slavneft-YANOS, approved the Company's Performance Contracts for 2009 and 2010 and estimated how well the 2008 PC was implemented, reviewed the proposals for the enhancement of the OAO NGK Slavneft's license portfolio according to the approved License Risk Mitigation Program for 2009. Also it approved the Conception for the Determination and Marketing the Oil Servicing Assets, reviewed the proposals and approved the actions for further development of the Messoyahskoye field and the field located in the Krasnoyarsk region according to the Associated Gas Utilization Program at the OAO NGK Slavneft's fields.

In order to enhance the efficiency of work of the Board of Directors, the Company established special committees. The committees under the Board of Directors are consultative and advisory bodies which conduct its activities pursuant to the approved Regulations. The members of the committees are approved by the Board of Directors.

The Audit Committee was established in August 2007. The activities of the Audit Committee are aimed at monitoring the completeness and reliability of the financial statements, reliability and effectiveness of the internal control system, internal and external audits and evaluating the effectiveness of procedures to ensure the compliance with the legislation of the Russian Federation, the Company's Articles of Association and internal regulatory documents in order to prepare the recommendations to the Board of Directors when deciding on these issues.

During the reporting period, 3 meetings of the Audit Committee under the Board of Directors of OAO NGK Slavneft were held at which 23 items were considered. The Company paid particular attention to the review of the consolidated financial statements according to the US GAAP, the matters of the acceleration of the fast closure of the financial statements, the mitigation of key risks of OAO NGK Slavneft, the implementation of the project for bringing of the GFO reporting in line with the US GAAP.

The Staff and Remuneration Committee was established in December 2006 to conduct the activities to ensure the adoption of the reasonable and considered resolutions on the staff issues and the development of the Company's policy in the field of the remuneration by the Board of Directors.

In 2009, 5 meetings of the Staff and Remuneration Committee were held, including for the preliminary review of the Performance Contracts of the Company, key blocks and subsidiaries, progress and results of their implementation, proposals for the Slavneft Group headcount enhancement according to the approved 2009 Business Plan.

At the meetings of the Company's Board of Directors the Chairmen of the committees regularly submit the information on the issues reviewed by the committees and passed resolutions.

In 2009, the Company confirmed the rating score of corporate governance awarded by the Expert RA rating agency and the Russian Institution for Directors, namely "6" – "the Developed Practice of Corporate Governance". This score is to certify that the Company has low risks with respect to the corporate governance, complies with the Russian legislation in the field of the corporate governance, meets the most requirements stipulated by the Russian Code of Corporate Conduct and some requirements of the international advanced corporate governance practice.

Being the managing company of the vertically integrated holding, OAO NGK Slavneft determines the key issues with respect to the development of the incorporated subsidiaries. At this, the participation of the Company in the governance of the subsidiaries may be possible only through the corporate governance mechanisms to maintain innovations in the subsidiaries. As before, in 2010 the Company intends to act as the methodical and organizational center towards the subsidiaries and dependent companies and to use the following mechanisms when conducting its activities in the field of the corporate governance:

- the analysis of the results of the General Meetings of shareholders and the monitoring of the work of the Boards of Directors in order to enhance their performance;
- the introduction of progressive forms and methods of work into the practice of the subsidiaries and dependent companies;
- the assistance to the subsidiaries and dependent companies in the preparation of the internal regulatory documents;
- the rendering of consultations and the submission of information to the experts of the subsidiaries on the issues of the application of the corporate laws.
- the submission of the information to the experts of the subsidiaries on the issues of the application of the corporate laws.

COMPANY'S POSITION IN THE INDUSTRY

OAO NGK Slavneft is one of the major vertically integrated Russian oil companies. In 2009, the key performance indicators of the Company were as follows:

- ✓ the volume of the remaining recoverable oil reserves (ABC1 category) amounted to 840,6 million tons (as on 31.12.2009);
- ✓ the oil production amounted to 18,9 million tons;
- ✓ the refining of crude hydrocarbons amounted to 24,6 million tons, including 13,7 million tons refined by OAO Slavneft-YaNOS, a Russian refinery.

OAO Slavneft-YaNOS, the Company's main oil refinery, ranks the fifth position among the refineries of Russia and the fourth position among producers of oil products and motor fuels.

COMPANY'S PERFORMANCE INDICATORS

UPSTREAM

Reserves

As on 01.01.2010 the volume of the remaining recoverable oil reserves of the Company (ABC1 category) amounted to 840,6 mln tons, including those ones deposited in Western Siberia (KhMAO and YaNAO) – 707,2 mln tones, in Krasnoyarsk region – 133,4 mln tones. The growth of the recoverable C1 oil reserves as whole for the Company amounted to 63,2 mln tons in 2009, including due to the

exploration it amounted to 54,5 mln tons based on the data on the current estimation (including for Krasnoyarsk region – 15,3 mln tons).

During the reporting period the reserves were developed due to the exploration works. In 2009, the total scope of work amounted to \$ 64,0 mln exclusive of VAT expressed in money terms as compared to \$ 196,5 mln in the previous year. The static plan is implemented by 48,1%, as compared to the implementation of the plan for Megion block by 101,1% and implementation of the plan for OOO Slavneft-Krasnoyarskneftegaz by 75,0%, for ZAO Messoyakhaneftgaz – by 55,0%.

During 2009, the volumes of the geological drilling in the KhMAO (Megion block) were implemented by 93,0% expressed in physical terms, what may be explained by the change in the depth of well #215 at Taylakovskoye field. The exploration drilling in Krasnoyarsk region was not planned in the reporting period. The footage for the YaNAO was reduced by 25,1% as compared to the plan due to the passing of a resolution to perform an additional exploration program to secure the qualitative collection of the geological information (Minutes #8 of the OAO NGK Slavneft's BoD dd. 05.05.2009). As a whole the Company over-implemented the geological drilling by 16,5%. 2D and 3D seismic surveys were not planned due to the cost-cutting program.

Table 1. Scope of exploration works by regions where the Company conducts its activities.

Description	UoM	Western Siberia				Krasnoyarsk Region		Total for the Company	
		(KhMAO)		(YaNAO)		2008	2009	2008	2009
		2008	2009	2008	2009				
Footage	thousand meters	17,5	2,8	18,8	10,2	18,6	0,0	54,9	13,0
2D seismic survey	km	0,0	0,0	1152,0	0,0	2 085,6	0,0	3237,6	0,0
3D seismic survey, seismic side-scan	Km2	1211,0	0,0	0,0	0,0	125,0	0,0	1336,0	0,0
Growth of C1 reserves including for exploration*	mln tons	67,1	9,7	33,1		11,7	15,3	111,9	63,2
	mln tons	9,0	9,7	33,1	38,2	11,7	15,3	53,8	54,5

* The Company's subsidiaries performed the exploration works:

- ✓ OAO SN-MNGG at the Taylakovsky LA (KHMAO);
- ✓ OAO ONGG at the Messoyakha LAs (YANAO);
- ✓ OOO BNGRE – at the Messoyakha LAs (YANAO) and at the Kuyumbinsky and Tersko- Kamovsky license areas (Krasnoyarsk region).

Oil production

In 2009, the Company **produced oil** in the volume of 18 893,9 thousand tons. 18 861,3 thousand tons were produced at the license areas where the producing subsidiaries of the Megion block conduct its activities during the reporting period, what is 0,6% above the approved plan and 3,5% below the previous year.

32,6 ths tons of oil were produced from exploration wells at the Kuyumbinskoye field in the reporting period, as compared to the planned 32,0 ths tons, what is above the value of 2008 by 3,7%.

The oil production by oil producing subsidiaries is provided in table 2.

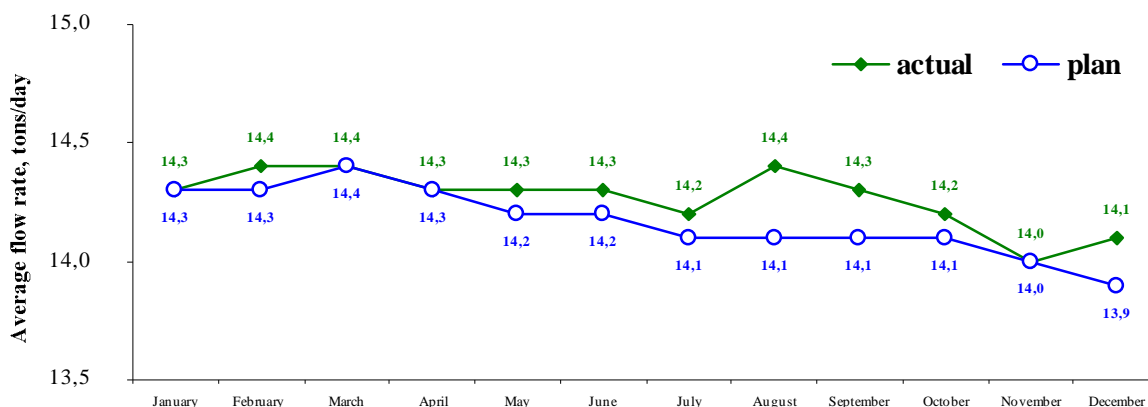
Table 2. Oil production by producing enterprises.

Subsidiaries	2008	2009		Variance	
	Actual	Plan	Actual	2009/2008	2009, actual/plan
OAO SN-MNGG	13 112,8	12 330,6	11 999,1	91,5%	97,3%
OAO Slavneft-Nizhnevartovsk	875,0	876,8	1 052,1	120,2%	120,0%
OAO Sobol	354,5	305,4	280,0	79,0%	91,7%
ZAO Obneftegeologia	1 113,2	863,8	841,7	75,6%	97,5%
OAO SN-MNGG	1 453,7	1 137,1	1 160,3	79,8%	102,0%
OAO NGK Slavneft	1 145,2	1 320,3	1 344,0	117,4%	101,8%
OOO Slavneft-Krasnoyarskneftegaz	31,4	32,0	32,6	103,7%	101,9%
OAO ONGG	1 485,2	2 008,3	2 184,1	147,1%	108,8%
Total for oil producing subsidiaries	19 571,1	18 874,3	18 893,9	96,5%	100,1%

ths tons

The average daily flow rate for the Megion block during the reporting period amounted to 14,27 tons/day as compared to the planned 14,16 tons/day. The average daily production amounted to 51 675 tons a day.

Figure 1. Dynamics of the average daily flow rate of oil wells.



During the reporting period, the water cut of the well stream amounted to 90,3%; this indicator insignificantly exceeds the planned one (90,0%).

The share of the Company in the total oil volume produced in Russia for 2009 amounted to 3,8%, and 4,3% in the volume of production by oil companies.

Oil delivery for the Company for 2009 amounted to 18 800,9 tons, what is above the level of the same period of the previous year by 3,2%.

The distribution of the oil delivery by the Company's producing subsidiaries is provided in table 3.

Table 3. Oil delivery by the Company's producing subsidiaries.

Subsidiaries	2008	2009	Variance in 2009/2008
thS tons			
OAo SN-MNG	13 057,1	11 972,2	91,7%
OAo Slavneft-Nizhnevartovsk	870,6	1 046,0	120,1%
OAo Sobol	352,8	278,5	78,9%
ZAO Obneftegeologia	1 105,7	839,4	75,9%
OAo SN-MNGG	1 435,7	1 155,1	80,5%
OAo NGK Slavneft	1 139,2	1 339,4	117,6%
OAo ONGG	1 460,9	2 170,3	148,6%
Total for the Company	19 422,0	18 800,9	96,8%

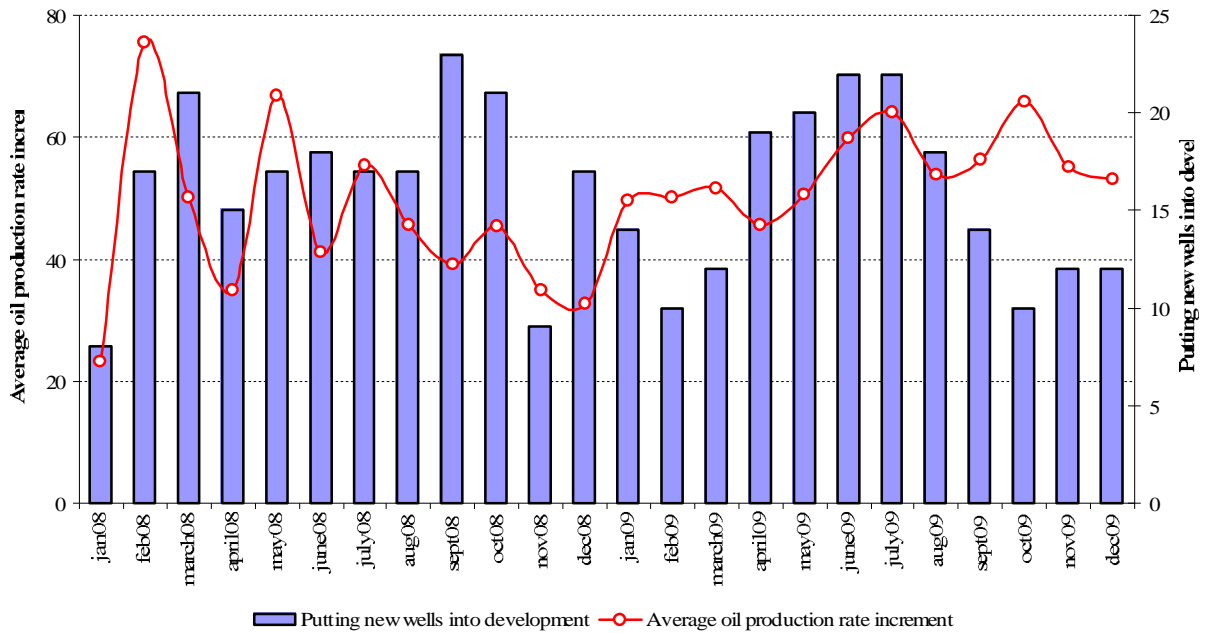
During the reporting period, **the gas production** by the Company was fixed at the level of 905,1 mln m³, what is above the plan by 3,8% and below the respective indicator of the previous year by 0,7%. Gas was supplied to Nizhnevartovsk gas treatment plant from the Megionskoye, Yuzhno-Aganskoye, Aganskoye fields, from 42M well pad of the Vatinskoye field of the Aganskoye oil and gas production department; the Mykhpayskoye, Severo-Pokurskoye, Lugovoye, Ketovskoye, Severo-Orekhovskoye fields of the Vatinskoye oil and gas production department. Besides, the associated gas was used for own consumption: boiler houses and oil heating furnaces. The associated gas of left-bank deposits was used only for own consumption: boiler houses and oil heating furnaces, power generation at autonomous gas turbine power stations; also the gas was sold to OOO Teploneft to heating the boiler houses at the oil fields, oil processing and pumping shop-1, the inventory management. About 28,9% of gas reserves was flared due to no objects for utilization.

The gas delivery to the Nizhnevartovsk Refinery in 2009 increased as compared to the level of the previous year by 1,2% and amounted to 739,6 mln m³ as compared to planned 690,9 mln m³. The associated gas was utilized by 71,1%.

During the accounting period **footage in the exploitation** drilling amounted to 765,8 th. m. of rocks, that is 39,4% above the level set in the business plan and 3,1% above the level of the previous year.

The oil production from new wells amounted to 1 431,3 thousand tons, what is 18,6% above the planned indicator. The average new well flow rate amounted to 46,99 t/day, that exceeds the level approved by the business plan by 15,5%. The dynamics of the new wells commissioning and the average startup flow rate is provided in Figure 2.

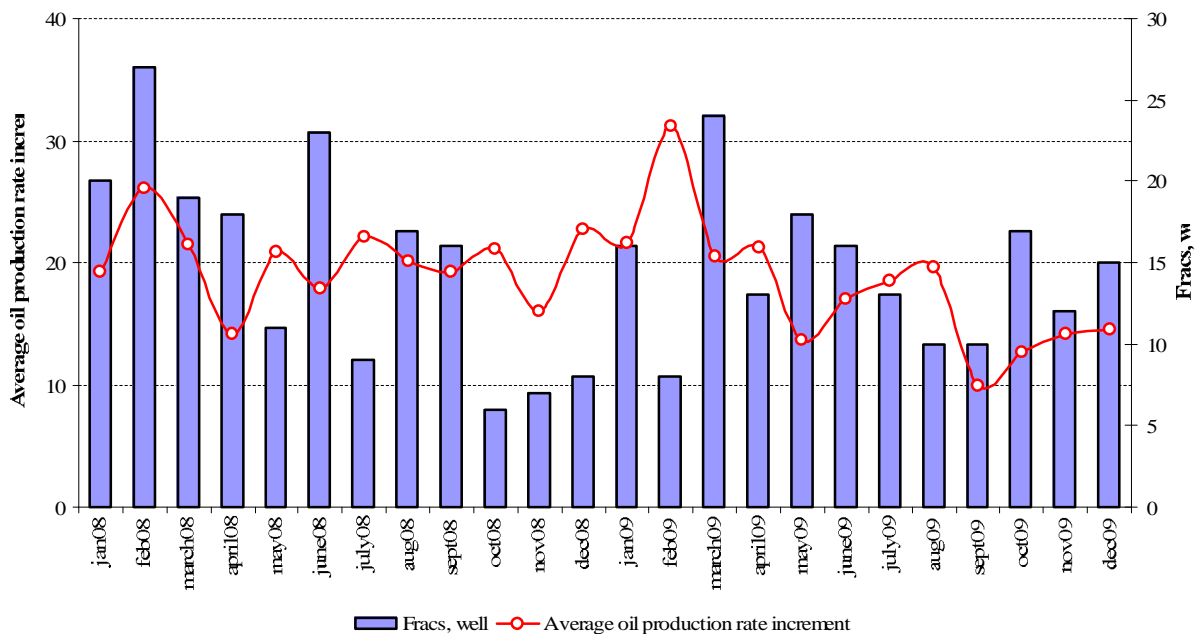
Figure 2. Dynamics of putting new wells into development and average oil production rate increment.



Hydraulic fractures (figure 3) were performed at 172 wells, that is by 4,2% above the approved indicator. Additional oil production after fractures amounted to 532,1 ths tons, that is by 140,1 ths tons or 35,7% above the planned indicators.

Average oil production rate increment per well achieved 17,3 tons/day, that is by 44,9% above the plan.

Figure 3. Number of fractures and average oil production rate increment.



For 2009, 87 **drillings from other horizons** were performed at the wells of the Megion Block fields, that is by 8,8% above the planned level. Due to the fact that this kind of fractures was performed, the oil production volume amounted to 141,6 ths tons, and the average oil production rate per well achieved 9,0 tons/day.

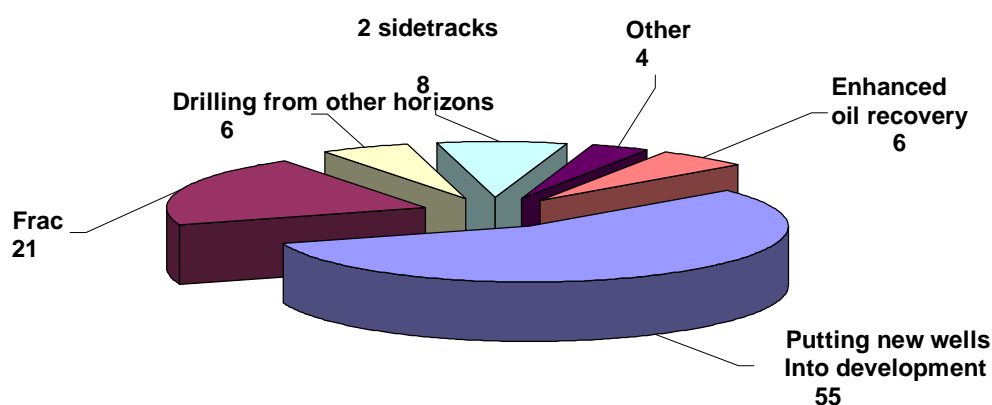
Oil flow stimulation was performed at 178 wells, that is by 196,6% above the planned level. The oil production volume amounted to 147,1 ths tons due to performing of this kind of works. The average oil production rate increment per well amounted to 5,5 tons/day, that is by 11% below the planned level.

Squeeze cementing, leak elimination, accident response. 36 operations were performed, that is by 56,1% below the planned level. Cumulative additional oil production for this type of wellwork amounted to 48,2 ths tons.

Besides, 2nd string sidetracks were performed at 46 wells at the Megion Block fields, (additional oil production– is 204,7 ths tons and well conversion (4 well operations with additional oil production of 38,6 ths tons).

In general, **additional oil production volume** for 2009 amounted to 2 552,5 ths tons, that is by 9,5% above the approved Business Plan at over-fulfillment of the plan for the number of wellwork by 15,9%. The structure of additional oil production in terms of wellwork projects is shown at figure 4.

Figure 4. Structure of additional oil production in terms of hydraulic fracture projects.



Basic oil production for the Megion Block for the reporting period amounted to 16 308,8 ths tons, that is by 1,2% below the Business Plan level.

Operational well stock of the Company as of January 01, 2010 amounted to 4 149 wells, idle well stock – 483 wells (11,6% from operational well stock).

Operational well stock – 1232 basic work overs and 4902 well servicing were performed. Basic work over volume is by 4,6% below the approved level, the number of well servicing is by 3,5% above the approved level.

Performance per 1 well servicing crew amounted to 125,1 repairs and decreased by 0,9% vs. 2008. Average TBF of pipping equipment is at the planned level (see table 4).

Tablea 4. Average TBF of pipping equipment.

Megion Block	Pump	days		
		2008	2009	Variance 2009/2008
Average TBF	ESP	349	372	106,6%
	BPU	255	256	100,4%
	TOTAL	331	351	106%
Turnaround period (TAP)	ESP	396	463	116,9%
	BPU	322	345	107,1%
	TOTAL	390	441	115,4%

The turnaround period of pipping equipment for the reporting period increased by 15,4% vs. 2008. TAP increment is stipulated by implementation of the actions program for the increase in the average TBF of ESP 2008 – 2009.

OIL PROCESSING

The volume of raw hydrocarbons processing at OAO Slavneft-YANOS for 2009 amounted to 13 655,4 ths tons, that is by 1,1% above the level of 2008 and by 0,8% above the 2009 Business Plan.

The volume of raw hydrocarbons processing at OAO Mozyr refinery for 2009 amounted to 10 969,5 ths tons.

Table 1. Key technical and economic indicators of the Company's refineries.

Refinery	Processing volume, ths tons			Oil processing depth, %			Light oil products yield, %		
	2008	2009		2008	2009		2008	2009	
		BP	actual		BP	actual		BP	actual
OAO Slavneft-YANOS	13 505,5	13 550,0	13 655,4	66,1	66,3	65,7	57,4	56,5	57,3
OAO Mozyr refinery	11 680,8	10 889,4	10 969,5	67,9%	65,1%	66,0%	57,4%	54,7%	56,0%

Table 2. Oil products output at the Company's refineries.

Name	UoM	OAO Slavneft-YANOS		OAO Mozyr refinery		Total for the Company		
		2008	2009	2008	2009	2008	2009	2009/2008
Processing¹	ths tons	13 477,4	13 628,1	11 653,0	10 948,4	25 130,4	24 576,5	0,98
Total gasolines	ths tons	2 777,6	2 934,1	2 329,3	2 220,6	5 106,9	5 154,7	1,01
incl. motor gasolines	ths tons	2 283,9	2 325,2	2 158,4	2 015,6	4 442,2	4 340,8	0,98
Diesel oil	ths tons	4 145,5	4 047,1	2 746,6	2 770,1	6 892,1	6 817,2	0,99
Total kerosenes	ths tons	737,3	746,8	347,9	350,2	1 085,2	1 097,0	1,01
incl. jet fuel	ths tons	737,3	746,8	-	-	737,3	746,8	1,01
Total light products	ths tons	7 749,8	7 818,3	6 708,5	6 139,4	14 458,2	13 957,7	0,97
Fuel oil	ths tons	4 226,1	4 283,8	3 136,4	3 337,8	7 362,5	7 621,6	1,04
Oil bitumen	ths tons	320,5	259,5	267,0	214,3	587,5	473,8	0,81
Liquefied gases	ths tons	70,5	82,3	363,4	216,1	433,9	298,4	0,69
Light oil products yield¹	%	57,5%	57,4%	57,4%	56,0%	57,4%	57,8%	0,4%
Processing depth	%	66,1%	65,7%	67,9%	66,0%	66,9%	65,8%	1,1%

Open Joint Stock Company Slavneft-Yaroslavnefteorgsyntez (OAO)

For 2009, the volume of raw material processing amounted to 13 655,4 ths tons, that is by 0,8% above the Business Plan indicators and by 1,1% above the level of 2008.

The processing depth in the reporting period decreased by 0,4 p.p. vs. the similar period of the previous year, due to the increase in the processing volume and the adjustment of bitumen production plans.

Production capacities utilization indicators for 12 months of 2009 are shown in the tables below.

Table 3. Utilization of capacities of OAO Slavneft-YANOS's facilities.

Process operations	Approved average annual capacities (ths tons) 2009/2008	Actual capacity loading (ths tons)		Actual capacity utilization (%)		Capacity loading change rates (%) 12 months of 2009 12 months of 2008
		12 months of 2008	12 months of 2009	12 months of 2008	12 months of 2009	
		Primary oil processing	15 200,00	13 477,40	13 628,07	88,67
Catalytic Reforming	1 588,00	1 684,80	1 639,80	106,10	103,26	97,33
- for gasolines	1 260,00	1 402,70	1 347,30	111,33	106,93	96,05
- for aromatics	328,00	282,10	292,50	86,01	89,18	103,69
Catalytic cracking	1 250,00	1 198,70	1 393,50	95,90	111,48	116,25
Hydrocracking	2 140,00	1 985,00	1 937,40	92,76	90,53	97,60
Diesel Oil Hydrotreatment	3 000,00	3 386,30	3 131,00	112,88	104,37	92,46
Gas fractionation	300,00	265,00	465,30	88,33	155,10	175,58
Alkylation	100,00	105,20	127,10	105,20	127,10	120,82
MTBE	30,00	30,50	39,60	101,67	132,00	129,84
Production of oils	250,00	227,70	244,60	91,08	97,84	107,42
Production of oil bitumen	500,00		259,10		51,82	
	375,00	320,50		85,47		80,84

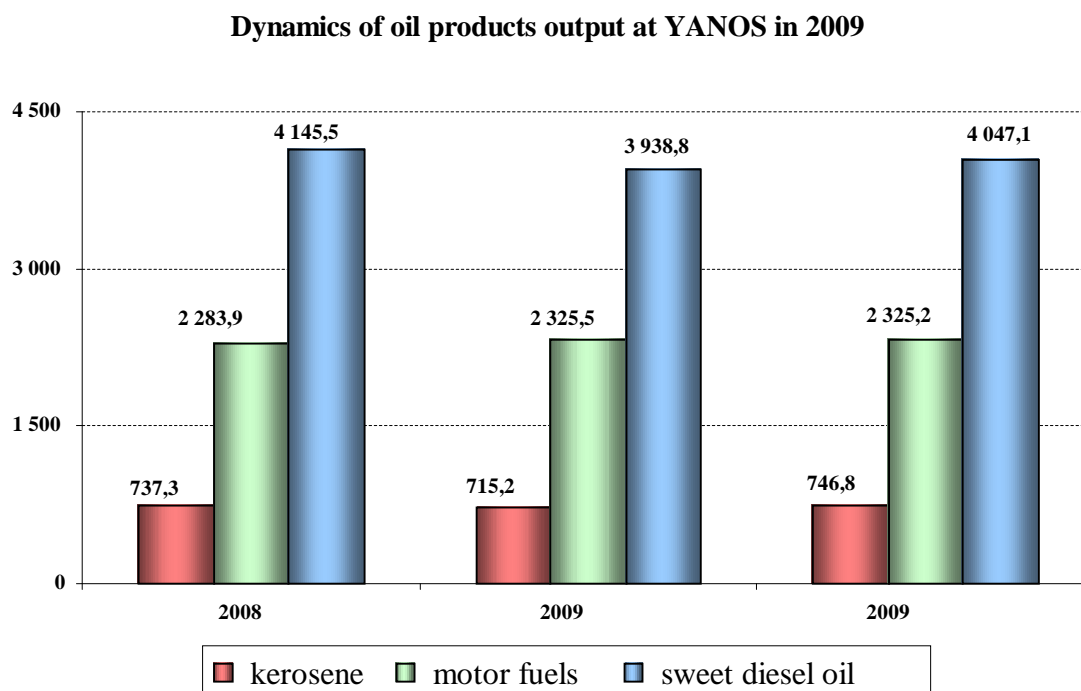
Primary capacities utilization increased by 1,0% vs. the similar period of the past year due to increase in raw materials processing.

Decrease in capacity loading related to the planned repair downtime took place in the reporting period in terms of production capacities of hydrocracking complex. Increase in capacity loading for gas fractioning was caused by inclusion of section II of Gas Fractioning Unit due to increase in raw materials at release 1A-1M. Increase in the loading of catalytic cracking, alkylation and MTBE in the reporting period is related to their operation in 2009 without planned repair downtimes.

¹ For desalinated oil. OAO Mozyr refinery 2008 subject other hydrocarbon material.

OAO Slavneft-YANOS's Business Plan was performed for the reporting period almost on all types of products (see Figure 1). For 2009, 7 818,3 ths tons of light oil products were produced, light oil products yield amounted to 57,4%, that is by 0,7 p.p. above the Business Plan, and corresponds to the level of 2008. Variances from the Business Plan are mainly stipulated by the change in the market situation.

Figure 1. Dynamics of oil products output at OAO Slavneft-YANOS.



Open Joint Stock Company Slavneft Yaroslavl Mendeleev's refinery (Rusoil)

The Business Plan envisages the downtime of OAO Slavneft Yaroslavl Mendeleev's refinery (Rusoil) for repairs. During 2009, production of oils out of hydrocarbon materials using OAO NGK Slavneft's resources and processing of give and take neutral and basic oils of OAO Gazprom Neft were performed. Losses incurred due to downtime were decreased approximately by \$ 2,3 mln due to processing of 3,0 ths tons of basic oils and performing of cost saving actions. Total losses for 2009 amounted to \$ 7,7 mln subject full writing-off the deferred losses for the units.

Open Joint Stock Company Mozyr refinery

Processing of raw hydrocarbon materials for 2009 amounted to 10 969,5 ths tons, that is by 0,7% above the 2009 Business Plan and by 6,1% below 2008.

Figure 2. Structure of raw materials processing at OAO Mozyr refinery.

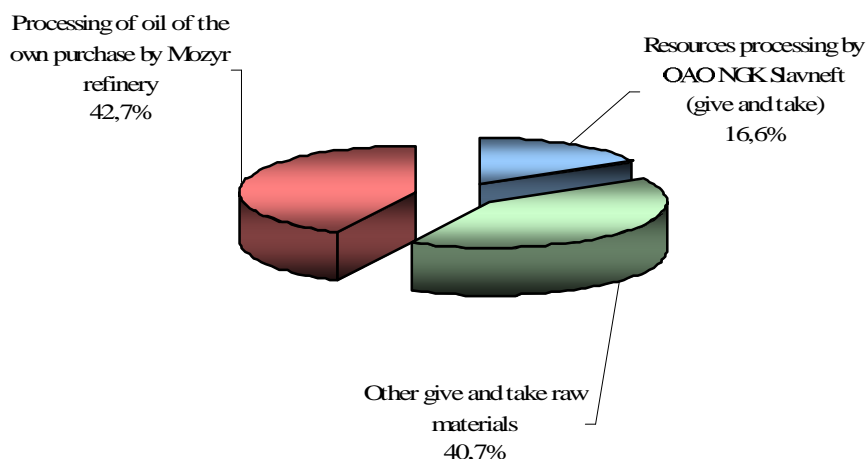


Table 4. Key technical and economic indicators of Mozyr refinery.

Refinery	Processing volume, ths tons			Oil processing depth ¹ , %			Light oil products yield, %		
	2008	2009		2008	2009		2008	2009	
		BP	actual		BP	actual		BP	actual
ОАО Mozyr refinery	11 680,8	10 889,4	10 969,5	67,9%	65,0%	66,0%	57,4%	54,7%	56,0%

Table 5. Utilization of capacities of Mozyr refinery's facilities.

Processes	Approved capacity, ths tons/year	2008, %	2009, %	Variance of 2009 vs. 2008, %
Total primary oil refining	12 031,5	84,34	87,45	3,11
incl. LK-6U №1	8 031,5	79,80	85,64	5,84
LK-6U №2	4 000,0	86,46	88,43	1,97
Catalytic Reforming	2 010,0	78,22	77,86	-0,36
Diesel Oil Hydrotreatment	2 000,0	100,38	102,17	1,79
Kerosene Hydrotreatment	1 200,0	72,20	69,14	-3,06
incl. LK-6U №1	600,0	70,53	68,95	-1,58
LK-6U №2	600,0	73,74	69,35	-4,39
Gas fractionation	675,0	81,05	81,63	0,58
incl. LK-6U №1	225,0	94,10	93,64	-0,46
LK-6U №2	450,0	74,93	75,15	0,22
Block of benzol concentrate break out	1 336,0	75,02	85,19	10,17
Extractive Benzol Distillation Unit	227,7	64,88	72,76	7,88
Sulfur production	76,8	57,31	61,44	4,13
Oil bitumen production	580,0	45,91	37,11	-8,80
Light Hydro Cracking	360,0 ²	68,35	89,79	21,44
Fuel Oil Vacuum Distillation Unit	1 800,0	103,03	102,64	-0,39
Gasoil Vacuum Hydroconversion	1 500,0	96,41	97,57	1,16
Tar visbreaking	1 200,0	90,46	88,47	-1,99
Combined Cat-cracked Unit	2 000,0	60,62	51,37	-9,25
Combined Alkylation Unit	315,9	48,32	48,18	-0,14

Utilization of the refinery's process unit capacities in 2009 was determined by facility operation rates, volume and quality of processed raw materials.

OIL AND OIL PRODUCT SALES IN THE RUSSIAN FEDERATION

Oil sales

Out of 18 833,04 ths tons of the own oil resources transferred by the Company in 2009 to its key shareholders (ОАО Gazprom Neft and ОАО TNK-BP Holding), and distributed by them, 5 472,4 ths tons were supplied to the Russian refineries, 2 909,1 ths tons were supplied to CIS countries, incl. 2 687,0 ths tons – to Mozyr refinery, 80,4 ths tons - to Ukraine, 10 371,1 ths tons were exported to non-CIS countries.

The total volume of oil supplied to ОАО Slavneft-YANOS by ОАО Gazprom Neft and ОАО TNK-BP Holding for the reporting period amounted to 13 650,0 ths tons (6 825,0 ths tons – by ОАО Gazprom Neft, 6 825,0 ths tons – by ОАО TNK-BP Holding).

In 2009, oil was not supplied for processing at ОАО Slavneft Yaroslavl Mendeleev's refinery (Rusoil).

Oil product sales

In 2009, the total volume of oil product sales amounted to 6,4 ths tons, that is by 97,9% below the level of 2008. All oil products were sold in the domestic market. At that, 6,1 ths tons were sold by the sales

¹ The refining volume is stated for the crude hydrocarbons, the refining depth and issue of light products are estimated as compared to the desalted raw material

² 377,5 – from October 2009

companies due to purchased oil products, and 0,3 ths tons – out of the own production of the Company subsidiaries.

The main reason for the decrease in the sales volumes in the reporting period vs. the similar period of the previous year is reorganization of OAO Slavneft-Yaroslavnefteproduct and transfer of the oil product supply assets to the balances of the sales subsidiaries of OAO TNK-BP and OAO Gazpromneft.

The Company sales network

For 2009, 6,1 ths tons of oil products were sold to the consumers through the Company sales network, that is by 98,0% below the level of the similar period of the previous year due to reorganization of OAO Slavneft-Yaroslavnefteproduct and transfer of the oil supply assets to the balances of the sales subsidiaries of OAO TNK-BP and OAO Gazpromneft.

OIL PRODUCT SALES IN BELARUS

For 2009, 1 375,4 ths tons of oil products were sold by the Company Byelorussian trader, that is by 29% below the Business Plan, out of them 614,9 ths tons were sold in the RB domestic market and 760,6 ths tons were exported. The variance from the plan is stipulated by transfer of the oil product supply assets and commercial flows of OAO TNK-BP and OAO Gazpromneft from October 1, 2009. 1 379,9 ths tons were purchased and supplied for processing in the reporting period. The key oil product sales by the Company's Byelorussian trader are shown in table 6.

Table 6. Sales of oil products.

Oil products	2009 Plan	2009 Actual	Variance
Oil product sales	1 931,5	1 375,4	- 29%
For export	1 232,2	760,6	-38%
In the RB domestic market	699,3	614,9	-12 %

ths tons

Sales on the main oil product groups in the RB domestic market are shown in table 7.

Table 7. Oil products sales in the RB domestic market.

Oil products	UoM	2009 Plan	2009 Actual	Variance
Motor fuels	ths tons	161,0	98,1	- 39 %
Diesel oil	ths tons	392,2	168,5	- 57 %
Fuel oil	ths tons	65,1	295,8	354 %
Other oil products	ths tons	81,0	52,4	- 35 %
Total	ths tons	699,3	614,9	-12%

ths tons.

For 2009, the volume of retail sales (through filling stations) amounted to 149,5 ths tons, that is by 25% below the Business Plan and by 46% below the level of the previous year. The decrease in the retail turnover vs. the level of 2008 is caused mainly by transfer of filling stations and oil terminals from October 1, 2009 for lease to OAO TNK-BP and OAO Gazpromneft.

FINANCIAL RESULTS OF THE COMPANY ACTIVITY

Financial results of the Company activity were formed based on the following actual oil and oil product price levels (table 13).

Table13. Prices for oil and oil products.

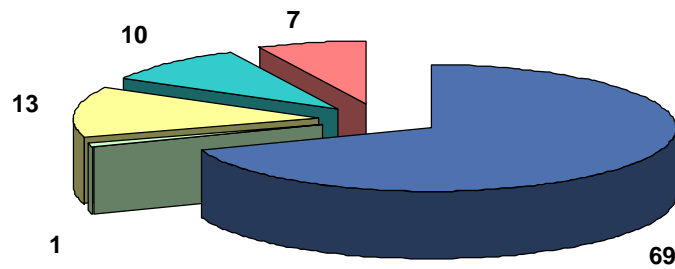
Indicators	UoM	2008 actual	2009	
			Plan	Actual
Contractual oil price in RF	\$/ton	249,26	133,50	164,46
Purchase price of external oil in RB	\$/ton	427,67	263,51	311,10
Dollar exchange rate	rub./\$	24,8553	32,0000	31,7231

Revenues of the group of companies

The total revenues from the sales of goods and services of the main companies participating in business amounted to \$ 4 424,9 mln (excl. internal turnover and export duties), that is by 40% below the level of 2008 and is related to low oil price levels and reorganization of business of the Company's sales subsidiaries OAO Slavneft-Yaroslavnefteproduct and SP ZAO Slavneft-Start.

The structure of the Company's revenues for the reporting period is shown at Figure 7.

Figure 7. Structure of the Company's revenues.



■ Oil in RF	■ Oil in RB	■ Oil product sales	■ Outside processing	■ Other revenues
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Distribution of revenues per activity is shown in table 14.

Table 14. Revenues in terms of the Company activities.

Indicators	2008 Actual	2009		Variance 2009/2008
		Plan	Actual	
		\$ mln		
Total revenues	7 408,0	4 216,7	4 424,9	60%
Oil sales	5 089,5	2 499,2	3 113,6	61%
to non-CIS countries	-	-	-	-
To CIS countries	161,0	0,0	48,5	30%
in RF (inc. replacement)	4 928,5	2 499,2	3 065,1	62%
Oil product sales	1 540,3	912,8	560,0	36%
Outside processing	467,0	425,9	430,7	92%
Other revenues	311,2	378,9	320,7	103%

Costs

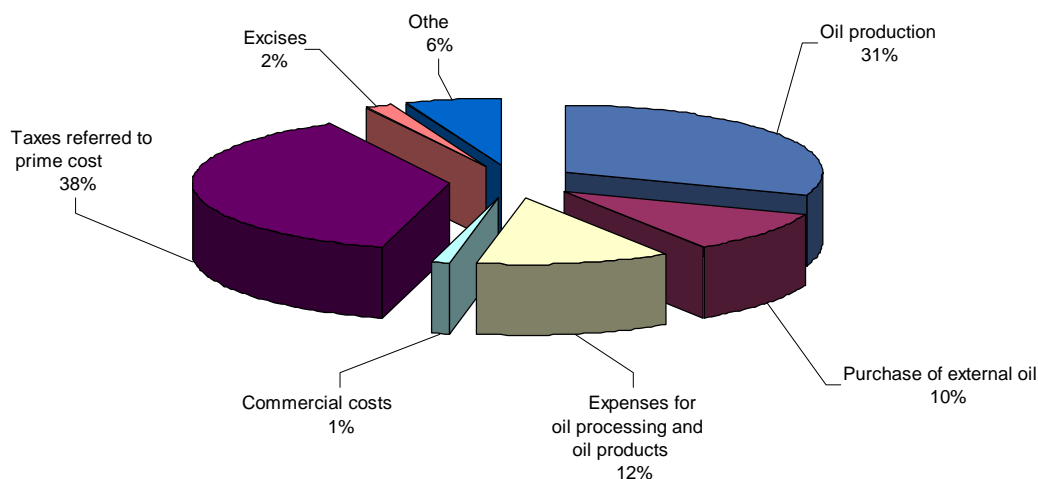
The total costs of the Company (excl. internal turnover) for 2009 amounted to \$ 3 742,8 mln, that is by 40,8% below the level of 2008 and is caused by the low oil price level and business reorganization of the Company's sales subsidiaries OAO Slavneft-Yaroslavnefteproduct and SP ZAO Slavneft-Start (see table 15).

Table 15. Costs in terms of the Company activities.

Indicators	2008 Actual	2009		Variance 2009/2008
		Plan	Actual	
		\$ mln		
Total costs	6 327,2	3 751,6	3 742,8	59,2%
Oil production	1 342,9	1 147,9	1 144,8	85,2%
Purchase of outside oil	989,1	557,7	379,7	38,4%
Expenses for oil processing and oil products	680,6	440,0	461,5	67,8%
Commercial expenses	161,8	43,1	44,1	27,2%
Taxes referred to the prime cost	2 725,6	1 028,7	1 420,5	52,1%
Excises	167,5	175,9	65,1	38,9%
Other	259,7	358,4	227,1	87,5%

The structure of costs in terms of the key Company activities in 2009 is shown at Figure 8.

Figure 8. Structure of costs on activities.



Prime cost of oil and gas production

The actual costs for oil and gas production for 2009 amounted to \$ 2 518,2 mln, that is by \$ 399,3 mln or 18,8% above the planned level (\$ 2 118,9 mln). The main prime cost increase is caused by MET growth due to higher than the world oil price envisaged by Business Plan. The tax rate increased up to 72,6 \$/ton vs. planned level 52,0 \$/tons.

Controllable OPEX indicator under results of 2009 was fixed at 5,8 \$/bbl, that is by 0,1% above the planned level (5,8 \$/bbl).

Table 16 shows the factor analysis of influence of changes in the actual oil production indicators, costs and dollar exchange rate on the generation of the final OPEX indicator for 2009.

Table 16. Factor analysis of OPEX.

Indicators	2009 Plan	2009 Actual	+/-
OPEX. total for the Block	5.84	5.85	+0.01
Changes due to production			-0,04
Changes due to costs			+0,00
Changes to the dollar exchange rate			+0,05

The total OPEX savings for the reporting period at the comparable planned dollar rate amounted to \$ 0,4 mln.

For the Megion Block, overrun amounted to \$ 0,1 mln. The balance sheet items changed vs. the plan:

- ✓ **Electrical energy (+\$10,0 mln)** - overrun vs. the plan was generated due to:
 - increase in the specific cost for fluid lifting (decrease in losses for settlements with the energy supply company down to 7% vs. standard losses 8,25%);
 - increase in electric energy consumption due to increase in fluid production, increase in power consumption supplied by OAO Tyumenenergo and stoppage of two turbine generators at AGTPP.
- ✓ **Raw materials and materials (-\$5,8 mln)** – decrease in costs due to the wellwork program adjustment and decrease in expenses for F&L for autonomous power supply due to consumption of greater capacity supplied by OAO Tyumenenergo;
- ✓ **Well work (-\$7,3 mln)** – saving was generated in the result of the wellwork program adjustment (-40 squeeze cementing, -15 sidetracking, -15 fracs after drilling);
- ✓ **Basic work over and well servicing (+\$7,2 mln)**. Cost increase was caused by carrying out of additional repairs at the injection well stock according to the additional formation pressure maintenance program.
- ✓ **Services and consulting (-\$4,2 mln)** – saving was generated mainly due to the cost reduction on inventory management:
 - decrease in costs for the Ermakovskaya ferry, delivery through by-pass and winter roads;
 - refusal from water emulsion utilization, implementation by the own forces.

For the Krasnoyarsk Block, OPEX savings amounted to \$ 0,5 mln. Costs reduction is the outcome of implementation of the optimization program which resulted in decrease in transportation and payroll costs.

Prime cost dynamics at OAO Slavneft-YANOS.

Specific costs for OAO Slavneft-YANOS in 2009 amounted to 24,8 \$/tons, that is by \$ 0,48 mln or 2,8% below the Business Plan.

Table 8. Production prime cost of OAO Slavneft-YANOS.

	\$/ton		
Prime cost	2008	2009 BP	2009
OAO Slavneft-YANOS ¹	29,0	25,3	24,8

The factor analysis of change in specific costs from the Business Plan is shown in table 9.

Table 9. Factor analysis of change in specific costs of OAO Slavneft-YANOS.

	\$/ton		
Indicator	2009 BP	2009 Actual	+/-
Specific costs	25,3	24,8	-0,48
Change due to the dollar exchange rate			+0,22
Change due to processing volume			-0,02
Change due to cost price			-0,68

The variance of the actual specific cost from the planned one (-0,48 \$/ton) was affected by the following factors:

- ✓ decrease in expenses for raw materials and basic materials by \$ 1,45 mln or 0,11 \$/ton, due to optimization of MTBE costs caused by reduction of repair terms of catalytic reforming units (continuous catalyst regeneration) and hydrocracking, decrease in methanol prices in the result of tenders held to select the supplier and change in the range of commercial oil output according to the market requirements;
- ✓ decrease in costs for external electrical energy by \$ 1,91 mln or 0,14 \$/tons, due to decrease in the heat energy consumption in the result of implementation of actions for the optimal utilization of low pressure steam;
- ✓ decrease in costs for external fuel by \$ 0,56 mln or 0,04 \$/tons due to retard of actual inflation rates from the rates envisaged by the Business Plan;
- ✓ decrease in costs on the balance-sheet item "DD&A" by \$ 0,88 mln or 0,07 \$/ton, due to clarification of useful equipment operation terms;
- ✓ unified social tax saving by \$ 1,09 mln or 0,08 \$/ton in the result of change in the payroll structure vs. the Business Plan;
- ✓ decrease in other costs by \$ 0,55 mln or 0,04 \$/ton,

Prime cost dynamics at OAO Mozyr refinery

The specific costs for raw materials processing at OAO Mozyr refinery in 2009 amounted to 27,6 \$/ton, that is by 0,49 \$/ton or 1,8% above the Business Plan.

Table 10. Production prime cost of OAO Mozyr refinery \$./ton

Prime cost	2008 Actual	2009 Business Plan	2009 Actual
OAO Mozyr refinery ²	29,3	27,1	27,6

The variance of the actual specific processing prime cost from the planned one (+ 0,49 \$/ton) was affected by the following factors:

- ✓ changes in the accounting policy for reflection of costs for the well work over and well servicing of fixed assets reduced the costs by \$ 10,9 mln or 1,05 \$/ton;
- ✓ increase in contributions to the innovation fund by \$ 7,6 mln or 0,68 \$/ton due to increase in the oil purchase costs (tax base 2% from the prime cost of the products output);
- ✓ increase in costs for electric energy by \$ 5,4 mln or 0,44 \$/ton due to increase in the currency ratio;
- ✓ increase in amortization contributions by \$ 5,4 mln or 0,45 \$/ton due to the fixed assets reevaluation conducted (no resolution on reevaluation was adopted to the moment of the Business-Plan development);
- ✓ other costs reduction by \$ 0,2 mln or 0,04 \$/ton.

CAPEX

CAPEX volume in 2009 amounted to \$ 926,0 mln, that is by 33,6% lower the level of 2008 and by 10,6% above the Business Plan.

Distribution of investments by industries:

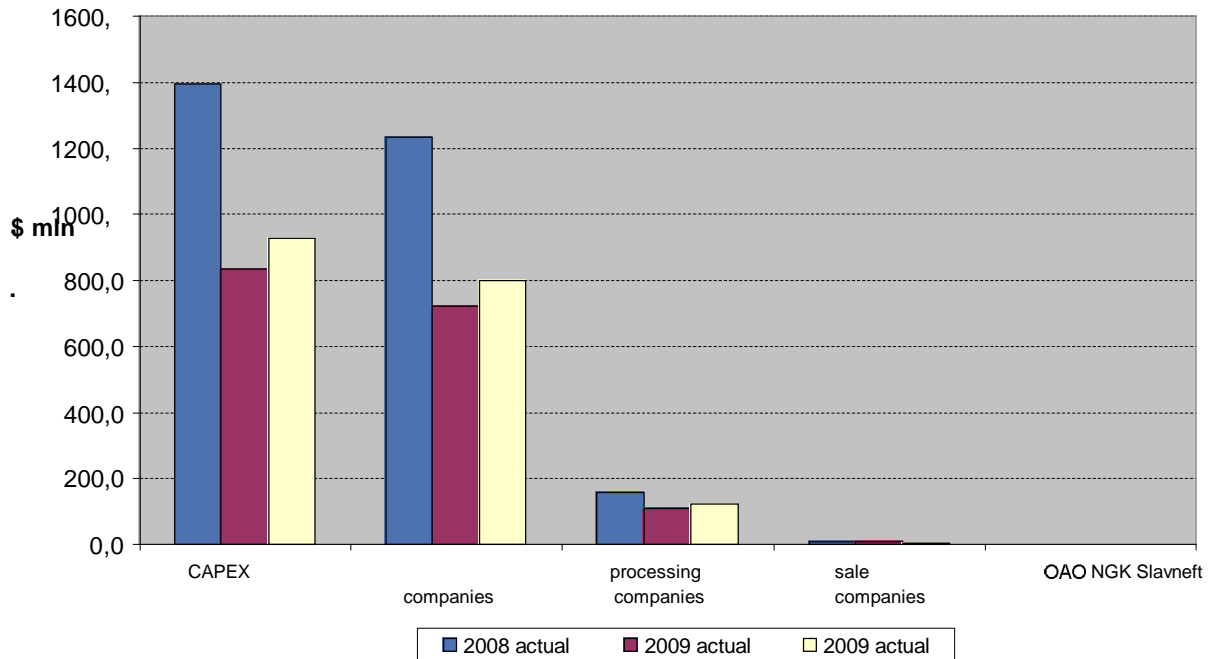
- ✓ oil production and exploration – 86,3%;
- ✓ oil processing – 13,2%;

¹ According to form № 2 of the balance-sheet for 2009.

² According to form № 2 of the balance sheet for 2009.

- ✓ sales – 0,4%;
- ✓ other – 0,02%.

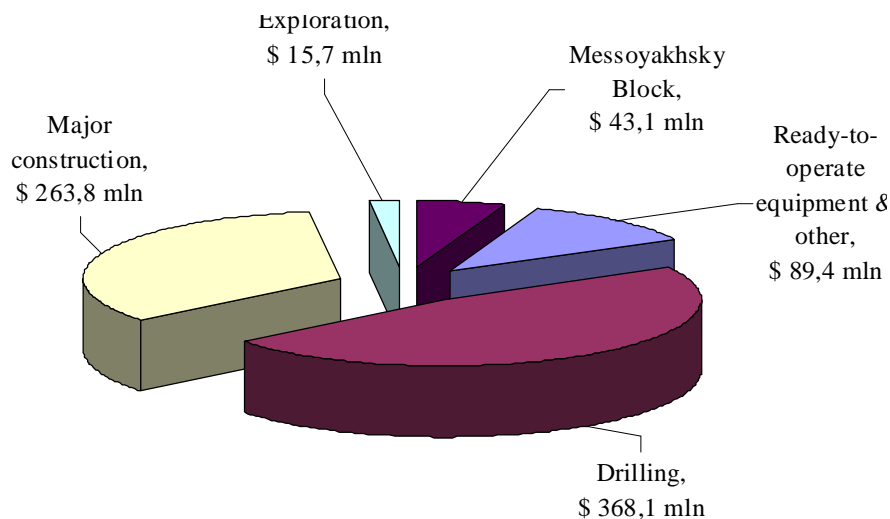
Figure 11. Investment Program implementation.



The variance of actual CAPEX indicator for 2009 from the indicator of 2008 is related to the influence of the dollar exchange rate and reduction of the major construction program (the Taylakovsky, Achimovsky and Chistinny LAs).

For 2009, CAPEX of the Company's oil production subsidiaries amounted to \$ 780,2 mln, that is by 9,7% above the plan.

Figure 12. Structure of producing subsidiaries' CAPEX.



The variance of the actual investment program implementation from the plan is stipulated by the following reasons:

on the balance sheet item "Drilling", the plan was over-fulfilled by 18,6%. This is stipulated by the change in the drilling program: drilling progress volume increased by 34,3% (plan – 549,2 ths m, actual – 737,3 ths m). Actual delivery of wells after drilling amounts to 215 instead of 184 wells under the plan;

on the balance sheet item "Major construction", the plan was performed by 99,1%. The main reasons for cost saving are:

- costs reduction at construction of the motor road from the Chistinnoye field BPS till the Oil Treatment Unit of the Novo-Pokurskoye field under the tender results;
- optimization of the program for construction of HVL-35kW k-37 – CPS-4 of the Severo-Pokursky LA.

The analysis of implementation of the 2009 Major Construction Program for the Megion Block is shown in table 19.

Table 19. Analysis of implementation of the Major Construction Program.

Indicators	UoM	2009 Plan	2009 Actual	Variance actual/plan
Construction and reconstruction of pipelines	km	223,3	207,0	92,7%
Oil gathering systems, pressure oil pipelines	km	86,9	74,5	85,8%
Oil and gas pipeline	km	19,2	18,4	95,9%
Formation pressure maintenance waterlines	km	84,9	85,1	100,2%
Gas pipeline	km	32,3	29,0	89,8%
Moto roads	km	55,3	56,2	101,8%
HVL-6kW	km	137,6	124,1	90,2%
HVL-35kW	km	2*35,6	2*31,6	88,6%
SS-35/6 kW	un.	1	6	600,0%
SS-110/35/6 kW	un.	1	1	100,0%
HVL-110 kB	km	2*1,9	0	0,0%

on the balance sheet item “ready to operate equipment”, the plan was performed by 92,2%. Saving for the Megion Block was generated due to decrease in the equipment cost under results of tenders held.

on the balance sheet item “Exploration”, the plan was overimplemented by 62,3%:

- **for the Megion Block**, over-fulfillment amounted to 14,3% and was caused by :
 - implementation of the well remediation operations at the Zapadno-Asomkinsky and Zapadno-Ust-Balyksky LAs;
 - implementation of additional actions volume for the execution of permits for the 2010 Exploration Drilling Program;
 - costs increase due to the necessity of reissuing the titles to the land plots for the license holder;
- **for the Krasnoyarsk Block**, the plan was exceeded by 87,4% due to the following reasons:
 - testing of additional facilities;
 - reimbursement of costs for maintenance of the Slavyanka oil terminal to OOO BNGRE;
 - increase in well testing cost.

on the balance sheet item “Messoyakhaneftegaz”, the planned level was performed by 155,0%. The increase in costs is stipulated by the following:

- **adjustment of the Exploration Program** under Minutes №8 of the Board of Directors meeting of OAO NGK Slavneft, incl. construction of well 52 BM, re-entry of well 47, reserves calculation;
- **increase in drilling cost;**
 - increase in the inventory cost, contractual works vs. estimated prices;
 - increase in the testing cost (it was planned to conduct testing from the movable rig, and in reality it was tested from the drilling rig);
 - lease of additional equipment due to considerable changes in the geological assignment;
 - compensations paid to the reduced personnel;
 - construction of a winter road and ice ferries under the 2010 Program;
- **increase in R&D and E&D actions volume:**
 - carried over E&D for the sand pits development under the contracts of 2007;
 - preparation of the integrated development program for YANAO and the north of the Krasnoyarsk region;
 - operative calculation of geological and recoverable oil, gas and condensate reserves for the Messoyakha field;
 - study of abnormally high formation pressure zones and their forecasting within the Messoyakha LAs.

CAPEX of the Downstream & Retail Block’s subsidiaries for 2009 are shown in table 11:

Table 11. CAPEX of Downstream & Retail (development) for 2009, \$ mln excl. VAT¹

Indicator	Business Plan 2009	Actual 2009	Variance
OAO Slavneft-YANOS	108,96	121,30	12,33
OAO Slavneft Yaroslavl Mendeleev’s refinery (Rusoil)	1,56	1,28	-0,28
OAO Slavneft-Yaroslavlnefteproduct	0,12	1,31	1,19
Belarus, SP ZAO Slavneft-Start	1,88	2,73	0,85

OAO Slavneft-Yanos

CAPEX utilization for 12 months of 2009 on OAO Slavneft-YANOS amounted to \$ 121,30 mln (3 847 878 ths rub.).

¹ The data are specified to the annual dollar exchange rate = 31,7231 rub./\$, except for the data of SP ZAO Slavneft-Start, calculated under the annual dollar exchange rate to the Byelorussian ruble = 2 791,7 byel. rub./\$.

The over-fulfillment of the CAPEX Utilization Plan of OAO Slavneft-YANOS in comparable terms in respect of the dollar exchange rate amounted to \$ 12,33 mln (391 268 ths rub.) and was achieved due to the influence of the basic multidirectional factors:

- ✓ beginning of construction of the Cat-cracked Gasoline Hydrotreating Unit under resolution of shareholders (+\$2,33 mln or 74 008 ths rub.);
- ✓ increase in the euro exchange rate on import supplies (+\$3,4 mln or 108 000 ths rub.) and shift in CAPEX utilization terms (+ \$1,51 mln or 47 819 ths rub.) for the Hydrogen Production Unit;
- ✓ increase in the estimated cost within the accuracy of evaluation under the Financial Memorandum (+\$4,48 mln or 142 000 ths rub.) and shift in development terms (-\$1,91 mln or 60 731 ths rub.) for ELOU-AT;
- ✓ increase in the euro exchange rate on import supplies (+\$1,40 mln or 44 555 ths rub.) for reconstruction of LCh-24/7 and (+\$1,14 mln or 36 044 ths rub.) on the balance sheet item "Equipment not entered in the construction cost estimates".

Putting the facility on the balance and commissioning for 12 months of 2009 excl. VAT amounted to \$ 140,33 mln or 4 451 733 ths rub.

As of 01.01.2010, construction-in-progress amounted to \$ 110,14 mln or 3 493 991 ths rub.

The most significant major unit utilized in the reporting period: were Hydrogen Production Unit (\$ 37,03 mln or 1 174 604 ths rub.), ELOU-AT (\$20,03 mln or 635 501 ths rub.), reconstruction of LCh-24/7 (\$32,83 mln or 1 041 491 ths rub.)

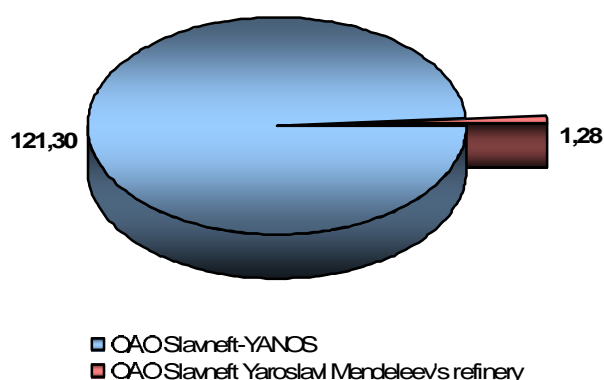


Figure 3. Structure of refineries' CAPEX, \$ mln

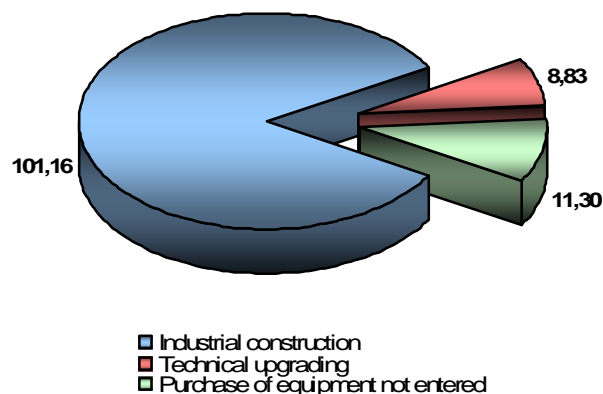


Figure 4. Structure of CAPEX for OAO Slavneft-YANOS, \$ mln

OAO Slavneft Yaroslavl Mendeleev's refinery (Rusoil).

CAPEX utilization in 2009 for OAO Slavneft Yaroslavl Mendeleev's refinery (Rusoil) amounted to 40 550 ths rub. (\$ 1,28 mln).

Table 12. CAPEX of OAO Slavneft Yaroslavl Mendeleev's refinery (Rusoil)

	2009 BP	Actual (subject payments in advance)	Incl. Change in payments in advance	Variance
CAPEX	49 567	40 550	6 713	-9 017
Implementation of environment safety improvement actions	31 341	32 681	5 109	1 340
Implementation of inspection authorities' instructions	6 419	2 456		-3 963
Equipment not entered in to construction estimates	11 807	5 413	1 604	-6 394

Under-fulfillment of the CAPEX Plan amounted to 9 017 ths rub. (\$ 0,28 mln).

Exceeding on the balance sheet item "Implementation of environment safety improvement actions" (+\$ 0,04 mln or 1 340 ths rub.) was stipulated by the necessity in start-up works implementation to commission the facility "Separator Purchase & Assembly".

Under-fulfillment on the balance sheet item "Fulfillment of instructions made by inspection authorities" (-\$0,12 mln or -3 963 ths rub.) was caused by the shift to future periods of works implementation under "Fulfillment of instructions on P&IDs and signalization", "Design operations for cable rout from TP-3 till TP-17», "Project for disposal facilities reconstruction at the products and raw material shop (Volzhskaya oil trap)" programs.

Under-fulfillment on the balance sheet item "Equipment not entered into construction estimates" (-\$0,20 mln or -6 394 ths rub.) was caused by the equipment purchase optimization (-\$0,11 mln or -3 581 ths rub.).

rub.) and shift of a part of equipment to the balance sheet item "Auxiliary materials" (-\$0,09 mln or -2 813 ths rub.).

For 2009, fixed assets commissioned at OAO Slavneft Yaroslavl Mendeleev's refinery (Rusoil) amounted to 63 756 ths rub. or \$ 2,01 mln excl. VAT.

As of 01.01.2010, construction-in-progress amounted to 71 039 ths rub. or \$ 2,24 mln.

OAO Slavneft-Yaroslavnefteproduct

Deployment of investments for OAO Slavneft-Yaroslavnefteproduct in 2009 amounted to \$ 1,31 mln (41 557 ths rub.), that is by \$ 1,19 mln above the plan (in terms comparable in relation of the dollar exchange rate) and is mainly related to purchasing of land plots of shop №1 and educational building (\$ 1,22 mln)

SP ZAO Slavneft-Start (Belarus)

CAPEX deployment in 2009 for SP ZAO Slavneft-Start amounted to \$ 2,7 mln (excl. VAT), that is by \$ 0,8 mln above the plan and is mainly related to the extension of the gasoline trucks delivery terms from IV Q 2008 to I Q 2009 due to shut-down of the Volvo plant in Sweden.

CAPEX financing for 2009 is by \$ 0,02 mln below the plan and amounted to \$ 2,0 mln (excl. VAT).

Profit

Under the results of the reporting period, the Company's consolidated profit amounted to \$ 401,7 mln, that is by 109,4% above the planned level and by 36,3% below the level of 2008. The key factors which affected the increase in the Company profit vs. the plan are the increase in the oil sales prices vs. the plan, sale of the assets of OAO Slavneft-Yaroslavnefteproduct according to the resolution of the Board of Directors, obtaining of relief on the profit tax for the Company's oil producing subsidiaries.

The Company's tax policy

Accrual of taxes and contributions to the budgets of all levels and non-budgetary funds for 2009 amounted to \$ 2 211,9 mln, incl. to the federal budget – \$ 1640,6 mln. Actually \$ 2180,0 mln were paid to the budgetary and non-budgetary funds, incl. the payments to the federal budget which amounted to \$ 1 626, 2 mln (see table 23).

Table 23. Company tax accrual.

\$ mln

Name of the budget and non-budgetary funds	January-December 2009	
	Accrued	Paid
Federal budget, total	1 640,59	1 626,15
RF regional budget, total	225,75	211,42
including:		
District budget of the Khanty-Mansi Autonomous Area	170,79	161,05
District budget of the Yamal-Nenets Autonomous Area	2,97	2,88
Regional budget of the Yaroslavl region	33,07	30,12
the Krasnoyarsk region	2,84	2,77
Moscow	15,17	14,34
the Tverskaya region	0,57	0,67
District budget the Chukot Autonomous Area	0,02	0,01
Regional budget of the Ivanovo region	-0,06	-0,21
Regional budget of the Nizhegorodskaya region	0,00	-0,01
Regional budget of the Kostroma region	-0,04	-0,31
Budget of the Tyumen region	0,28	0,01
the Moscow region	0,11	0,07
the Krasnodar region	0,03	0,03
Republic of Kalmykia	0,00	0,00
Republic of Karelia	0,00	0,00
RF local budget, total	29,47	29,50

Name of the budget and non-budgetary funds	January-December 2009	
	Accrued	Paid
including:		
Budget of the Surgut region	3,13	3,12
Budget of Megion	6,64	6,81
Budget of Surgut	0,42	0,42
Budget of the Krasnoselkupsky region	0,02	0,02
Budget of Yaroslavl	9,26	9,15
Budget of the Nizhneartovsk region	6,27	6,30
Budget of the Purovsky region	0,05	0,05
Moscow	0,07	0,07
Budget of the Antropovsk district of the Kostroma region	0,01	0,00
the Yaroslavl district of the Yaroslavl region	0,03	0,01
Budget of the Tunoshensky rural town	0,01	0,01
Budget of the Nefteyugansk region	0,24	0,24
Budget of Nizhneartovsk	1,44	1,46
Budget of the Pryazhinsk region of Karelia Republic	0,00	0,00
Budget of the Vikulovsk region	0,01	0,01
Budget of the Tazovsk region	0,21	0,22
Budget of the Nadymk region	0,05	0,05
Budget of the Tutaevsky region	0,43	0,43
Budget of the Shuya urban district	0,00	0,00
Budget of the Kineshma urban district	0,00	0,00
Budget of the Ivanovo urban district	0,01	0,01
Budget of the Gavriilo-Yamskoy district of the Yaroslavl region	0,00	0,00
Budget of the Danilovskoy district of the Yaroslavl region	0,00	0,00
Budget of the Nekouzskoy district of the Yaroslavl region	0,00	0,00
Budget of the Lyubimsk district of the Yaroslavl region	0,00	0,00
Budget of Rybinsk	0,01	0,01
Budget of Parfenyevoy of the Kostroma region	0,00	0,00
Budget of the Timiryazevskoye rural town	0,00	0,00
Budget of the Bogdanikhskoye rural town	0,00	0,00
Budget of the Lezhnevskoye rural town	0,00	0,00
Budget of the Kitovskoye rural town	0,00	0,00
Budget of the Ramenskoye rural town	0,00	0,00
Budget of the Gavriilo-Posadskoye rural town	0,00	0,00
Budget of the Bolsheklochkovskoye rural town	0,00	0,00
Budget of the Neysky district of the Kostroma region	0,00	0,00
Budget of the Makaryevskoy district of the Kostroma region	0,00	0,00
Budget of the Chukhlomskoy district of the Kostroma region	0,00	0,00
Budget of the Lyubim rural town	0,00	0,00
Budget of the Borisoglebskoye rural town of the Tutaevsk region	0,00	0,00
Budget of Rostov	0,01	0,01
Budget of Gavrilov-Yam	0,00	0,00
Budget of Tutayev	0,02	0,01
Budget of the Uvatsky region	0,00	0,00
Budget of Mozhaysk	0,12	0,12
Budget of Odintsovo	0,01	0,01
Budget of Vidnoye	0,03	0,02
Budget of Shchelkovo	0,00	0,00
Budget of Nefteyugansk	0,01	0,01

Name of the budget and non-budgetary funds	January-December 2009	
	Accrued	Paid
Budget of Baykit	0,00	0,00
Budget of Kodinsk	0,03	0,02
Budget of Turukhansk	0,05	0,05
Budget of Novy Urengoy	0,25	0,22
Budget of Tura	0,20	0,22
Budget of Krasnoyarsk	0,20	0,19
Budget of Beloyarsky	0,00	0,00
Budget of Langepas	0,00	0,00
Budget of Tver	0,10	0,10
Budget of the Oktyabrsky region	0,01	0,01
Budget of the Beloyarsky region	0,01	0,01
Budget of Khimky	0,01	0,00
Budget of the Ilyinskoye rural town	0,03	0,03
Budget of Lokosovo	0,04	0,04
Budget of Elista	0,00	0,00
Budget of Petrozavodsk	0,00	0,00
Budget of Klin	0,00	0,00
Budget of Anadyr	0,00	0,00
Budget of Kostroma of the Kostroma region	0,01	0,01
Budget of Sudislavl of the Kostroma region	0,00	0,00
Budget of the Vokhomsky region of the Kostroma region	0,00	0,00
Budget of Shariya of the Kostroma region	0,00	0,00
Budget of the Nerekhtinsky region of the Kostroma region	0,00	0,00
Budget of Manturovo of the Kostroma region	0,00	0,00
Budget of Galich of the Kostroma region	0,00	0,00
Budget of Buy of the Kostroma region	0,00	0,00
Budget of the Dmitriyevskoye rural town	0,00	0,00
Budget of Uglich	0,00	0,00
Budget of the Nekouzsky rural town	0,00	0,00
Budget of the Karabikhskoye rural town	0,00	0,00
Budget of the Danilov rural town	0,00	0,00
Budget of the Ryazantsevskoye rural town	0,00	0,00
Non-budgetary, total	316,10	313,05
TOTAL for the budgets	2 211,90	2 179,97